

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Capital Facilities and Administrative Services

Department of Administrative Services
Finance - Mandated

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1.0 Summary: Division of Finance - Mandated Expenditures

Each year the Legislature funds items that are not specific to one agency, solve unique problems, or pose a conflict of interest to agency management. For these programs, the Legislature directs the money to be kept in the Division of Finance. In the past, the Legislature funded Y2K, critical land issues and inmate issues by placing the funds in dedicated accounts managed by the Division of Finance.

The Division manages expenditures as provided in law for each fund, but is not empowered to make policy decisions regarding funding in the Mandated sections.

The *Finance – Mandated* budget includes the following past and present items:

- ▶ Y2K Conversion
- ▶ LeRay McAllister Critical Land Fund
- ▶ Navajo Trust Fund
- ▶ Indigent Inmate Defense Fund
- ▶ Post Conviction Indigent Defense Fund
- ▶ 800 MHz Public Radio Conversion
- ▶ Information Technology Innovation Program

The Legislature moved the Post Conviction Indigent Inmate Defense Fund to its own line item last year to ensure that funds were not transferred during the year to other programs. For purposes of budget recommendations, the program will continue to be tracked in the Finance-Mandated Line Item but will be shown separately after the 4.0 table.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
General Fund	3,354,800	(171,000)	3,183,800
Uniform School Fund	57,200		57,200
Transportation Fund	69,100		69,100
Total	\$3,481,100	(\$171,000)	\$3,310,100
Programs			
800 MHz Conversion	171,000	(171,000)	
LeRay McAllister Critical Land Const	2,667,500		2,667,500
Annual Leave Conversion	642,600		642,600
Total	\$3,481,100	(\$171,000)	\$3,310,100

The *Analyst FY 2003 Base* budget recommendation includes the *Revised Estimate* from FY 2002 as approved by the Executive Appropriations Committee and the following items:

- Adjustment for FY 2002 one-time programs;
- Payroll cost of an extra day in FY 2003;
- Transfers of Market Comparability Adjustments; and,
- Net changes for Internal Service Fund rates.

FY 2003 changes reflect the incremental costs of across the board reductions and annualization of partial budget cuts approved for FY 2002.

2.0 Issues: Division of Finance - Mandated Expenditures

2.1 800 Megahertz Public Safety Radio Conversion (UCAN)

Due to Federal reallocation of radio spectrum, state and local entities are undertaking a joint venture to provide public safety radio service along the Wasatch Front. The venture is coordinated by the Utah Communications Agency Network and funded through service fees charged to member agencies. In FY 2002, new funding was appropriated to the Department of Administrative Services, Division of Finance to be allocated by the State's Chief Information Officer and Director of Information Technology Services. For FY 2003, the Analyst recommends transferring ongoing funds from Finance Mandated to the operating budgets of agencies that received funding under the Chief Information Officer's FY 2002 allocation.

3.0 Programs: Division of Finance - Mandated Expenditures

3.1 800 Megahertz Public Safety Radio Conversion

Recommendation

The Analyst recommends transferring ongoing 800MHz conversion base funds (\$171,000) from Finance Mandated to the operating budgets of agencies that received funding under the Chief Information Officer’s FY 2002 allocation.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,140,800	262,400		(262,400)
General Fund, One-time		1,051,200		(1,051,200)
Beginning Nonlapsing		400,000		(400,000)
Closing Nonlapsing	(400,000)			
Total	<u>\$1,740,800</u>	<u>\$1,713,600</u>	\$0	<u>(\$1,713,600)</u>
Expenditures				
Current Expense	1,740,800	1,713,600		(1,713,600)
Total	<u>\$1,740,800</u>	<u>\$1,713,600</u>	\$0	<u>(\$1,713,600)</u>

Purpose

As a result of Federal Communications Commission policy to reallocate public safety radio spectrum, the *Utah Communication Agency Network 800 MHz System* act (House Bill 187, 1997 General Session) created the quasi-governmental Utah Communications Agency Network (UCAN). UCAN’s mission is to construct and operate a new public safety radio system in the 800 MHz frequency band. State, local, and private public safety organizations will use the new system in place of current radios operating in the 150 MHz and 450 MHz bands.

UCAN Phase One serves approximately 80 percent of the state’s population by covering Davis, Morgan, Salt Lake, Summit, Tooele, Utah, Wasatch, and Weber counties. Local entities in each of the above mentioned counties use the network. Network infrastructure, not including radios and dispatch consoles, was built under contract with Motorola and financed by a combination of Federal grants and bonding provided by Zion’s Bank. Debt will be repaid with monthly service fees of \$30 per radio for State agencies and about \$17.50 per radio for local governments and private entities.

FY 2002 is final year of three-year funding plan

The Legislature has funded UCAN Phase One over three years based on a cash-flow analysis developed by the Office of the Legislative Fiscal Analyst in 1999. In absence of accurate radio counts, the Legislature’s analysis assumed that, in order for UCAN to be financially viable, the state would need to pay service fees on 3,005 radios. The Legislature funded 100 percent of the radios between FY 1999 and FY 2002. State funds remaining in the Finance Mandated account are for ongoing service fees, and should be allocated to individual agency operating budgets.

Intent Language

The following intent language was included for the Finance – Mandated program in the *Annual Appropriations Act* (House Bill 1, 2001 General Session), page 19, Item 58.

It is the intent of the Legislature that funds provided for 800 MHz Conversion be allocated among State agencies by the Chief Information Officer in consultation with the Director of Information Technology Services according to the following criteria:

- 1. New ongoing funds shall be distributed to agencies such that total ongoing resources for each agency are sufficient to pay annual service fees on radios purchased with prior year appropriations;*
- 2. One-time and remaining new ongoing funds shall be distributed to agencies for purchase of additional radios and payment of annual service fees.*

The Chief Information Officer allocated FY 2002 funds as follows:

Department / Division	FY2002 One Time Funding	FY2002 New Ongoing Funding
Department of Agriculture	\$9,600	\$2,400
Attorney General – Investigations	\$50,600	\$6,900
Utah Department of Corrections	\$1,004,352	\$96,270
Dept of Environmental Quality – Hazmat	\$12,712	\$2,100
Dept of Health – Medical Examiner	\$8,280	\$1,200
Dept of Human Services – ORS	\$4,300	\$600
Dept of Human Services – State Hospital	\$28,747	\$4,500
Dept of Insurance – Insurance Fraud	\$21,600	\$3,240
Dept of Natural Resources – Forestry and Fire	\$18,534	\$2,160
Dept of Public Safety – Utah Highway Patrol	\$383,904	\$51,600
Total	\$1,542,629	\$170,970

3.2 LeRay McAllister Critical Land Fund

Recommendation The Analyst recommends continuation of ongoing funds for open space preservation but includes an \$82,500 reduction as proposed during the interim to balance FY 2002.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,750,000	2,750,000	2,667,500	(82,500)
General Fund, One-time		(82,500)		82,500
Total	<u>\$2,750,000</u>	<u>\$2,667,500</u>	<u>\$2,667,500</u>	<u>\$0</u>
Expenditures				
Other Charges/Pass Thru	2,750,000	2,667,500	2,667,500	
Total	<u>\$2,750,000</u>	<u>\$2,667,500</u>	<u>\$2,667,500</u>	<u>\$0</u>

Purpose The LeRay McAllister Critical Land fund was created to allow citizens and local governments access to funds for open space preservation. The appropriation was increased from \$100,000 to \$2.75 million in one-time funds for Fiscal Year 2000. In Fiscal Year 2001 the Legislature made those funds ongoing.

3.3 Annual Leave Conversion

Recommendation The Analyst recommends a maintenance-of-effort budget for Annual Leave Conversion.

	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Financing				
General Fund		516,300	516,300	
Uniform School Fund		57,200	57,200	
Transportation Fund		69,100	69,100	
Total	\$0	\$642,600	\$642,600	\$0
Expenditures				
Personal Services		642,600	642,600	
Total	\$0	\$642,600	\$642,600	\$0

Purpose The *Annual Leave Conversion for State Employees* act (House Bill 68, 2001 General Session) allows state employees to each year convert up to 20 hours or \$250 of excess annual leave to a deferred compensation account. The funds appropriated here cover the state’s cost of contributing such leave to the employees, 401k, 457, or state sponsored retirement accounts. Annual leave conversions must be from leave balances in excess of an employees maximum accrual limit.

3.4 Utah Navajo Trust Fund – Annual Report

The Department of Administrative Services provides space and administrative support for the trust fund administration, but does not direct the activities of the office or the administration of the trust.

The trust fund revenues come from 37 ½ percent of the net oil royalties from the Aneth Extension of the Navajo Nation. The fund is administered by a Board of Trustees composed of the State Treasurer, the Director of the Division of Finance and a state officer or employee appointed by the Governor with the advice and consent of the Senate.

The Board of Trustees reviews and approves the trust fund budget as prepared by the trust administrator. Utah Code Annotated 63-88-102 requires the State Auditor to conduct an annual audit and deliver the report to statutory committees, state offices and two federal offices.

Since the last report to the Legislature, the Board has authorized the following major items:

1. Committed an additional \$179,732 for renovations within the Montezuma Creek Clinic. This was matched with \$100,000 from the Federal Government, \$300,000 from the state Division of Facility Construction and Management, and \$50,000 from the Four Corners Enterprise Community.
2. Provided educational grants and scholarships to Navajos amounting to \$592,143 in FY 2001 and an estimated \$650,000 in FY 2002.
3. Authorized matching funds for projects supported by the Navajo Nation and the Navajo Revitalization Fund of \$500,000 in FY 2001 and \$600,000 is also allocated in FY 2002. These funds are allocated to chapters by using actual population figures from UNTF's database.
4. Approved FY2002 allocations were made for the following:
 - \$20,000 for equipment purchase or repair
 - \$40,000 for Surplus Property
 - \$25,000 for the Dineh Committee Contingency Fund (a yearly allocation)
 - 150,000 for Heavy Equipment
 - 250,000 as matching against Navajo Utah Commission Capital Projects.
 - \$10,000 for business training purposes
 - \$10,000 for Home-site Archeological Clearances, a new funding category
 - \$10,000 for Adult Enrichment, a new funding category; and
 - \$333,000 for additional Capital Improvement Projects (based on Chuska settlement agreement).
5. Completed Housing Inventory for off-reservation Navajos using GPS Technology; the on-reservation part was conducted in a prior Fiscal year.

Beginning Fund balance on April 1, 1992 was \$9,648,585. The un-audited balance as of June 30, 2001 was \$21,563,856.

4.0 Additional Information: Division of Finance - Mandated Expenditures

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund		2,750,000	4,890,800	3,664,000	3,183,800
General Fund, One-time	5,963,900			1,052,700	
Uniform School Fund				564,000	57,200
Uniform School Fund, One-time	4,990,000				
Transportation Fund				89,800	69,100
Federal Funds				47,600	
Dedicated Credits Revenue				10,100	
GFR - Boating				500	
GFR - Children's Legal Defense				200	
GFR - Commerce Service				3,100	
GFR - Environmental Quality				1,500	
GFR - Financial Institutions				700	
GFR - Industrial Assistance				100	
GFR - ISF Overhead				200	
GFR - Livestock Brand				200	
GFR - Medicaid Restricted				200	
GFR - Public Safety Support				100	
GFR - Sales and Use Tax Admin Fees				1,400	
GFR - Substance Abuse Prevention				100	
GFR - Tobacco Settlement				200	
GFR - Wildlife Resources				3,500	
GFR - Workplace Safety				300	
TFR - Dept. of Public Safety Rest. Acct.				2,800	
Crime Victims Reparation Trust				200	
Land Grant Mgt Fund				900	
Liquor Control Fund				2,300	
Unclaimed Property Trust				100	
Transfers				13,100	
Transfers - Interagency	680,000				
Info Tech Svcs ISF		1,656,000			
Beginning Nonlapsing	1,197,000		1,000,000	628,000	
Closing Nonlapsing	(6,662,600)	(1,000,000)	(628,000)		
Total	\$6,168,300	\$3,406,000	\$5,262,800	\$6,087,900	\$3,310,100
Programs					
800 MHz Conversion			1,740,800	1,713,600	
Information Technology Infrastructure In		656,000	772,000	312,000	
LeRay McAllister Critical Land Conserva	100,000	2,750,000	2,750,000	2,667,500	2,667,500
Annual Leave Conversion				642,600	642,600
Retirement Benefits				752,200	
Total	\$6,168,300	\$3,406,000	\$5,262,800	\$6,087,900	\$3,310,100
Expenditures					
Personal Services	19,600			642,600	642,600
Current Expense	2,029,100		1,740,800	2,465,800	
DP Current Expense	3,662,500				
DP Capital Outlay	225,600	656,000	772,000	312,000	
Capital Outlay	131,500				
Other Charges/Pass Thru	100,000	2,750,000	2,750,000	2,667,500	2,667,500
Total	\$6,168,300	\$3,406,000	\$5,262,800	\$6,087,900	\$3,310,100

1.0 Summary: Post Conviction Indigent Defense Fund

The Post Conviction Defense Fund pays attorney fees for the automatic appeals for individuals convicted of capital crimes. The program was managed by the Attorney General’s office for a period of time but was moved into finance to avoid the appearance of a conflict resulting from the AG prosecuting individuals while directly funding their defense. Funds are housed in the Division of Finance to ensure that prosecutors can not control the funds. Beginning with the 2001 Appropriations Act, this program appears as a separate line item.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
General Fund	120,000	(120,000)	
Beginning Nonlapsing	332,000		332,000
Closing Nonlapsing	(202,700)	120,000	(82,700)
Total	<u>\$249,300</u>	<u>\$0</u>	<u>\$249,300</u>
Programs			
Post Conviction Indigent Defense Fund	249,300		249,300
Total	<u>\$249,300</u>	<u>\$0</u>	<u>\$249,300</u>
FTE/Other			

2.0 Issues: Post Conviction Indigent Defense Fund

The post conviction indigent inmate fund provides a source of money for death row inmates to pay legal expenses. Administrative rule sets appropriate fees for the program. Over the last five years, the program averaged less than \$100,000 per year in expenditures. Given that the program carries a large balance, it seems that the funding for the program may be excessive. The Analyst believes the Division of Finance should fund current year expenditures from existing balances and apply for reimbursement during each general session.

General Fund.....(\$120,000)

3.0 Programs: Post Conviction Indigent Defense Fund

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	120,000	120,000		(120,000)
General Fund, One-time		(34,900)		34,900
Beginning Nonlapsing	315,000	412,700	332,000	(80,700)
Closing Nonlapsing	(412,700)	(332,700)	(82,700)	250,000
Total	\$22,300	\$165,100	\$249,300	\$84,200
Expenditures				
Personal Services		(34,900)		34,900
Current Expense	22,300	200,000	249,300	49,300
Total	\$22,300	\$165,100	\$249,300	\$84,200
FTE/Other				

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General Fund.....(\$120,000)

Other Inmate Funds

The Division manages two accounts that are similar to the Post Conviction fund. These programs are funded by participating counties with statutory language for legislative consideration of any shortfall.

The *Indigent Inmate Defense Fund* is for inmates convicted of crimes while in prison. As the only county eligible to receive these funds, Sanpete County uses the program for inmates accused of crimes committed at the state prison in Gunnison.

The *Indigent Capital Defense Fund* provides money to indigents charged with capital crimes in participating counties. The Division of Finance assesses the twenty-three participating counties annually and will be able to manage the fund in FY 2003 with no additional appropriation.

4.0 Additional Information: Post Conviction Indigent Defense Fund

	1999	2000	2001	2002	2003
	Actual	Actual	Actual	Estimated	Analyst
Financing					
General Fund	120,000	170,000	120,000	120,000	
General Fund, One-time				(34,900)	
Transfers					
Beginning Nonlapsing	115,000	218,000	315,000	412,700	332,000
Closing Nonlapsing	(218,000)	(315,000)	(412,700)	(332,700)	(82,700)
Total	\$17,000	\$73,000	\$22,300	\$165,100	\$249,300
Programs					
Post Conviction Indigent Defense Fund	(83,000)	73,000	22,300	165,100	249,300
Indigent Inmate Defense Fund	100,000				
Total	\$17,000	\$73,000	\$22,300	\$165,100	\$249,300
Expenditures					
Personal Services				(34,900)	
Current Expense	117,000	23,000	22,300	200,000	249,300
Other Charges/Pass Thru	(100,000)	50,000			
Total	\$17,000	\$73,000	\$22,300	\$165,100	\$249,300
FTE/Other					